

PROOF

STATE OF IOWA

Senate Journal

THURSDAY, APRIL 21, 2011

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JOURNAL OF THE SENATE

ONE HUNDRED SECOND CALENDAR DAY
SIXTIETH SESSION DAY

Senate Chamber
Des Moines, Iowa, Thursday, April 21, 2011

The Senate met in regular session at 9:05 a.m., President Kibbie presiding.

Prayer was offered by the Honorable Gene Fraise, member of the Senate from Lee County, Fort Madison, Iowa.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Senate Page Alicia Schalla.

The Journal of Wednesday, April 20, 2011, was approved.

ADJOURNMENT

On motion of Senator Gronstal, the Senate adjourned at 9:14 a.m. until 1:00 p.m., Monday, April 25, 2011.

APPENDIX

CERTIFICATES OF RECOGNITION

The Secretary of the Senate issued the following certificates of recognition:

Elmer and Evelyn Kinsinger, Oskaloosa—For celebrating their 65th wedding anniversary. Senator Rielly (4/21/11).

Hazel Lee, Oskaloosa—For celebrating her 100th birthday. Senator Rielly (4/21/11).

REPORTS OF COMMITTEE MEETINGS

APPROPRIATIONS

Convened: Thursday, April 21, 2011, 9:55 a.m.

Members Present: Dvorsky, Chair; McCoy, Vice Chair; Kettering, Ranking Member; Bartz, Black, Boettger, Bolkcom, Danielson, Dix, Dotzler, Fraise, Hancock, Hatch, Hogg, Jochum, Johnson, Kapucian, Ragan, Schoenjahn, and Seymour.

Members Absent: Houser (excused).

Committee Business: Passed HF 645 and 648, both as amended.

Recessed: 10:00 a.m.

Reconvened: 11:00 a.m.

Adjourned: 11:20 a.m.

WAYS AND MEANS

Convened: Thursday, April 21, 2011, 11:25 a.m.

Members Present: Bolkcom, Chair; Seng, Vice Chair; Zaun, Ranking Member; Anderson, Bartz, Black, Chelgren, Dandekar, Dotzler, Feenstra, Hogg, Jochum, McCoy, Quirmbach, and Smith.

Members Absent: None.

Committee Business: Passed [SF 169](#) and HF 652 and 679. Passed [SF 496](#), as amended.

Recessed: 11:30 a.m.

Reconvened: 12:00 p.m.

Adjourned: 12:25 p.m.

INTRODUCTION OF BILL

[Senate File 530](#), by committee on Ways and Means, a bill for an act relating to the family farm property tax credit by providing for eligible entities and including effective date and applicability provisions.

Read first time under Rule 28 and **placed on Ways and Means calendar.**

FINAL COMMITTEE REPORTS OF BILL ACTION

APPROPRIATIONS

Bill Title: [HOUSE FILE 645 \(HSB 192\)](#), a bill for an act relating to the funding of, the operation of, and appropriation of moneys to the college student aid commission, the department for the blind, the department of education, and the state board of regents, and providing for related matters and for effective date, applicability provisions and retroactive applicability provisions.

Recommendation: AMEND AND DO PASS, AS PROVIDED IN [S-3287](#).

Final Vote: Ayes, 13: Dvorsky, McCoy, Black, Bolkcom, Danielson, Dotzler, Fraise, Hancock, Hatch, Hogg, Jochum, Ragan, and Schoenjahn. Nays, 7: Kettering, Bartz, Boettger, Dix, Johnson, Kapucian, and Seymour. Absent, 1: Houser.

Fiscal Note: NOT REQUIRED UNDER JOINT RULE 17.

ALSO:

Bill Title: [HOUSE FILE 648 \(HSB 220\)](#), a bill for an act relating to and making, reducing, and transferring appropriations to state departments and agencies from the rebuild Iowa infrastructure fund, the technology reinvestment fund, the revenue bonds capitals fund, and other funds, providing for related matters and including effective date provisions.

Recommendation: AMEND AND DO PASS, AS PROVIDED IN [S-3289](#).

Final Vote: Ayes, 13: Dvorsky, McCoy, Black, Bolkcom, Danielson, Dotzler, Fraise, Hancock, Hatch, Hogg, Jochum, Ragan, and Schoenjahn. Nays, 7: Kettering, Bartz, Boettger, Dix, Johnson, Kapucian, and Seymour. Absent, 1: Houser.

Fiscal Note: NOT REQUIRED UNDER JOINT RULE 17.

WAYS AND MEANS

Bill Title: [SENATE FILE 530](#) (formerly [SF 169](#)), a bill for an act relating to the family farm property tax credit by providing for eligible entities and including effective date and applicability provisions.

Recommendation: APPROVED COMMITTEE BILL.

Final Vote: Ayes, 15: Bolkcom, Seng, Zaun, Anderson, Bartz, Black, Chelgren, Dandekar, Dotzler, Feenstra, Hogg, Jochum, McCoy, Quirmbach, and Smith. Nays, none. Absent, none.

Fiscal Note: NOT REQUIRED UNDER JOINT RULE 17.

ALSO:

Bill Title: [HOUSE FILE 652](#) (formerly [HF 141](#)), a bill for an act providing an exemption from the computation of the individual state income tax of all pay received for active duty military service and service in Operation New Dawn and including effective date and retroactive applicability provisions.

Recommendation: DO PASS.

Final Vote: Ayes, 15: Bolkcom, Seng, Zaun, Anderson, Bartz, Black, Chelgren, Dandekar, Dotzler, Feenstra, Hogg, Jochum, McCoy, Quirmbach, and Smith. Nays, none. Absent, none.

Fiscal Note: NOT REQUIRED UNDER JOINT RULE 17.

ALSO:

Bill Title: [HOUSE FILE 679 \(HSB 105\)](#), a bill for an act relating to the administration of the replacement tax for new cogeneration facilities, and including effective date and retroactive applicability provisions.

Recommendation: DO PASS.

Final Vote: Ayes, 15: Bolkcom, Seng, Zaun, Anderson, Bartz, Black, Chelgren, Dandekar, Dotzler, Feenstra, Hogg, Jochum, McCoy, Quirmbach, and Smith. Nays, none. Absent, none.

Fiscal Note: NOT REQUIRED UNDER JOINT RULE 17.

GOVERNOR'S ITEM VETO MESSAGE

April 21, 2011

The Honorable John P. Kibbie
President of the Senate
State Capitol
Des Moines, Iowa 50319

Dear Mr. President:

I hereby transmit [Senate File 209](#), an Act relating to public funding and regulatory matters by making appropriations, providing for certain additional depreciation allowances, increasing the state earned income tax credit, and including effective date and retroactive applicability provisions.

[Senate File 209](#) made supplemental appropriations that were necessary as a result of past bad budgeting practices. For example, the current shortfall in the funds available to pay the state's indigent defense bills is the result of actions taken during the 2010 Session of the General Assembly wherein the Governor and General Assembly approved a budget for indigent defense that purposely underfunded this program by nearly \$20 million. This decision was made with the full knowledge the 2011 General

Assembly would be forced to take action to provide supplemental funds to the State Public Defender's office for this purpose. Similar poor budgeting practices by the General Assembly and Governor in 2010 necessitated \$84 million dollars in cuts that were made in January of this year. [Senate File 209](#) makes supplemental appropriations in areas where these cuts would affect the health and safety of Iowans.

[Senate File 209](#) is, therefore, signed on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Division I. The item vetoed language in Division I of [Senate File 209](#) would couple Iowa's tax law with that portion of the federal short term stimulus legislation which allows businesses to take additional depreciation related deductions, often referred to as "bonus depreciation". This short term measure is estimated to reduce revenue to the state general fund by over \$27 million in Fiscal Year 2011, over \$113 million in Fiscal Year 2012 and over \$35 million in Fiscal Year 2013. Any temporary economic stimulus effect of bonus depreciation is primarily accomplished through the federal tax code. Iowa should instead focus its energies on improving our state's long term competitive tax position for new job creation. With our limited budget, that is best accomplished by reducing our commercial property taxes which are second highest in the country and our marginal corporate tax rate which is the highest in the nation. The short term and misdirected approach to policy contained in [Senate File 209](#) will not improve our tax climate for new jobs in Iowa.

I am committed to continuing a tax and jobs policy discussion with the House and Senate to adopt a package of tax reductions that stimulate our long-term economic growth and job creation. Acceptance of the provisions in Division I would prevent our ability to consider other more effective options and I disapprove these provisions in order to allow our tax policy discussions to continue.

I am unable to approve the item designated as Division II. The item vetoed language would increase the Earned Income Tax Credit from the current level of 7.0% of the federal credit to 10.0% of the federal credit. This change is estimated to reduce revenue to the state general fund by \$28.5 million for Fiscal Years 2011-2013.

As earlier indicated, it is my desire to approach tax policy in a comprehensive and holistic manner. As such, I urge members of the House and Senate to continue to work with my office on an overall tax reduction package that both fits within our sound budgeting principles while reducing those taxes that are impeding our state's ability to compete for new business and jobs.

For the above reasons, I respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in [Senate File 209](#) are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD
Governor

AMENDMENTS FILED

S-3287	H.F.	645	Appropriations
S-3288	S.F.	524	Merlin Bartz